

Electronically Recorded

Official Public Records

Mary Louise Garcia

Mary Louise Garcia

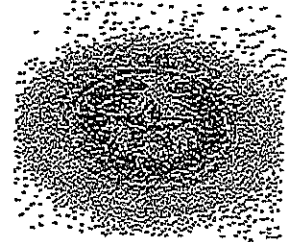
Tarrant County Texas

4/4/2011 2:54 PM

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Submitter: ACS



**DALE PROPERTY SERVICES, LLC
ATTN: RECORDING TEAM
500 TAYLOR ST. STE 600
FORT WORTH, TEXAS 76102**

Submitter: DALE PROPERTY SERVICES, LLC

**MARY LOUISE GARCIA
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401**

DO NOT DESTROY

WARNING - THIS IS PART OF THE OFFICAL RECORD

**ELECTONICALLY RECORDED
BY ACS ERXCHANGE**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up
With 640 Acres Pooling Provision
STANDARD LEASE W/ OPTION v. 5

**PAID UP OIL AND GAS LEASE
(No Surface Use)**

Electronically Recorded
Chesapeake Operating, Inc.

THIS LEASE AGREEMENT is made this 16 day of March, 2011, by and between Keith Allen Kidwill, a single person whose address is P.O. Box 4491 Fort Worth, TX 76164, as Lessor, and CHESAPEAKE EXPLORATION, L.L.C., AN OKLAHOMA LIMITED LIABILITY COMPANY, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

0.226 ACRES OF LAND, MORE OR LESS, BEING LOT 23 BLOCK 49, OUT OF THE BROWNING HEIGHTS EAST #3, AN ADDITION TO THE CITY OF HALTOM CITY, TARRANT COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN VOLUME 388-Y, PAGE 23, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

in the county of TARRANT, State of TEXAS, containing 0.226 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of TWO YEARS (2) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be TWENTY-FIVE PERCENT (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be TWENTY-FIVE PERCENT (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties

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hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. ~~In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.~~

13. ~~No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.~~

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of ONE YEAR (1) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

Notwithstanding anything contained herein to the contrary, this lease shall not be deemed valid or in effect until all parties have executed their portion of said lease.

LESSOR (WHETHER ONE OR MORE)

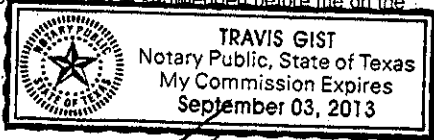
Signature: _____

Printed Name: Keith Allen Kidwill

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me on the 11th day of March, 2011, by Keith Allen Kidwill



Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

Lessee:

Chesapeake Exploration LLC, an Oklahoma Limited Liability Company

BY: Henry J. Hood

AS: Senior Vice President - Land & Legal and General Counsel

ACKNOWLEDGEMENT

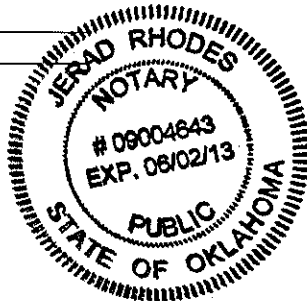
STATE OF OKLAHOMA }
 } SS:
COUNTY OF OKLAHOMA }

This instrument was acknowledged before me on this 23rd day of March, 2011, by **Henry J. Hood**, as Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C. on behalf of said limited liability company.

Jerad Rhodes
Notary Public

Commission Expires: _____

Commission No. _____



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Exhibit "A" Addendum

Attached to and made a part of that certain Paid-Up Oil and Gas Lease (No Surface Use) dated the 16th day of March, 2011, by and between Keith Allen Kidwill, as Lessor, and Chesapeake Exploration, L.L.C., as Lessee.

1. **Addendum Provisions Govern:** The foregoing Addendum and the provisions of the Addendum shall supersede and govern the provisions of the lease, wherever those provisions are in conflict with the Addendum. This lease, including the Addendum, shall inure to the benefit of, and be binding upon the parties hereto and other respective heirs, representatives, successors and assigns.
2. **Royalty:** It is agreed and understood that Lessor's royalty 25% interest will never be charged with any part of Lessee's direct or indirect cost of producing, storing, separating, dehydrating, compressing, transporting (excluding common carrier tariffs if the sales price is a market value price at a delivery point significantly removed from the wellhead.) It is agreed between the Lessor and Lessee, that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas, or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee. If for a period of sixty(60) consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty and minimum annual royalty clause of five hundred dollars (\$250.00) per acre then covered by this Lease on or before the end of said 60-day period and thereafter on or before each anniversary of the end of said 60-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee from another well or wells on the leased premises or lands pooled therewith.
3. **Limited to Hydrocarbons:** It is also expressly understood that this lease covers only Oil, Gas and other hydrocarbon substances, including sulfur produced in conjunction therewith, out of and from the bore of a well. Of the above described property, and that accordingly all other associated substances and solid minerals, such as iron, coal, sand, gravel, gold and clay are excluded from this lease and are excepted from the terms and provisions of this lease and reserved to Lessor.
4. **Miscellaneous:** This Lease is entered into in the State of Texas and shall be construed, interpreted and enforced in accordance with the laws of the State of Texas without reference to choice-of-law rules. Should any of the provisions herein be determined to be invalid by a court of competent jurisdiction, it is agreed that this shall not affect the enforceability of any other provision herein and that the parties shall attempt in good faith to renegotiate that provision so determined to be invalid to effectuate the purpose of and to conform to the law regarding such provision. The section titles appearing in this Lease are for convenience only and shall not by themselves determine the construction of this Lease. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Singular and plural terms, as well as terms stated in the masculine, feminine or neuter gender, shall be read to include the others(s) as the context required to effectuate the full purposes of this Lease.
5. **Release:** It is understood and agreed, notwithstanding anything to the contrary contained herein, that within thirty (30) days after this lease has expired or any portion thereof has terminated, Lessee or any assignee thereof shall furnish Lessor, or Lessor's heirs or assigns, with a recordable release of this lease or such portions which have been terminated under the terms of this lease agreement.
6. **Unitization:** Notwithstanding any provision contained herein to the contrary, it is agreed that should Lessee exercise the option to pool or combine the land covered herein into a pooled unit with other land or leases as herein provided, then such unit will include the entire leased premises covered and not a portion thereof.
7. **No Warranty of Title:** This Lease is given subject to all mineral reservations of record but does not warrant title to minerals. Lessee is relying upon its own title search and Lessee assumes all risk of title failures. Lessor makes no warranty of any kind with respect to title to the surface or mineral estate in the leased premises or any portion of or interest therein. All warranties that might arise by common law or by statute, including but not limited to Section 5.023 of the Texas Property Code (or its successor) are excluded. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the leased premises. Lessee assumes all risk of the title failures.
8. **No Surface Use:** No surface use lessee shall not enter upon the surface of, cross over, the lease premises or within six hundred feet (600') of leased premises.
9. **Lessee Compliance:** Lessee herein shall be solely responsible for full compliance with all rules and regulations of the Railroad Commission of Texas, or any city and other governmental agency, in all of its operation.
10. **Prohibit Lessee:** Prohibit lessee from using water from lessor's wells or tanks and subsurface. This lease only covers any lands described in lease of lessor in the above lease.
11. **All payment of lease bonuses:** All payment of lease bonuses must be paid in a cashier's or certified check.
12. **Top Leasing Permitted:** There shall be no prohibition or limitation on top leasing.
13. **Venue and Legal Fees:** Venue for any dispute arising under this Lease shall lie in Tarrant County, Texas, where all obligations under this Lease are performable.
14. **Division Order:** Lessee agrees that all royalties accruing to Lessor under this lease shall not be conditioned upon execution by Lessor of a Division Order that does not contain the minimum statutory requirements of the State of Texas.

- 15. Term:** This Lease is a "paid up" lease requiring no rentals. Subject to the other provisions contained herein, this Lease shall be for a term of two (2) years from the date hereof (the "primary term"), and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith, or this Lease is otherwise maintained in effect pursuant to the provisions hereof.
- 16. Continuous Drilling Obligations:** If Lessee drills a well which is incapable of producing in paying quantities (a "dry" hole) on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Section Pooling or the action of any governmental authority, then in the event this Lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within sixty (60) days after completion of operations on such dry hole or within sixty (60) days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this Lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this Lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than sixty (60) consecutive days, and if any such operations result in the production of oil or gas or the substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the circumstances (a) to develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.
- 17. Notices:** All notices required or contemplated by the Lease shall be directed to the party being notified at the address identified above, unless notice of another address has been provided in writing. All such notices shall be made by registered or certified mail, return receipt requested, unless another means of delivery is expressly stated.
- 18. Option to Extend:** Lessee is hereby given the option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions of extending this lease for a period of one (1) years as to all or any portion of the acreage then held hereunder which would expire unless so extended. The only action required by Lessee to exercise such option being the payment to Lessor (or for Lessor's credit at the depository bank named herein) and/or such parties entitled under any change of ownership according to Lessee's records, an additional consideration of the sum of \$1,695.00 Thousand Dollars (\$7,500.00) per net mineral acre owned by the party entitled to such payment at such time of extension, in the acreage so extended.
- 19. Release and Vertical Pugh Clause:** Lessee may, at any time and from time to time, deliver to Lessor in recordable for or file of record a written release of this Lease as to a full or undivided interest in all or any portion of the area covered by this Lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee released all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder. In any event, upon termination of this Lease, Lessee, its successors or assigns, shall deliver to Lessor a recordable release as to such portion or portions of this Lease which have terminated under the terms of the Lease. Upon the expiration of the primary term of this Lease, upon the expiration of any extension or renewal of the primary term, or after cessation of operations as provided herein, whichever occurs last, this Lease shall terminate as to all rights lying below one hundred feet (100') below either (1) the deepest depth drilled in any well drilled on the leased premises or on lands pooled therewith or (2) the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on the leased premises or on lands pooled therewith, whichever is the deepest; provided, however, if Lessee is then engaged in operations on the leased premises or on lands pooled therewith, this Lease shall remain in full force and effect as to all depths. As long as, no more than ninety (60) days elapse between operations.
- 20. Noise:** Noise levels associated with Lessee's operations related to the drilling, completion and reworking of wells shall be kept to a reasonable minimum, taking into consideration reasonable available equipment and technology in the oil and gas industry, the level and nature of development and surface use elsewhere in the vicinity of Lessee's drill sites and the fact Lessee's operations are being conducted in or near an urban residential area. If Lessee utilizes any non-electric-powered equipment in its operations, Lessee shall take reasonable steps to muffle the sound therefrom by installing a noise suppression muffler or like equipment.
- 21. Regulatory Requirements and Force Majeure:** Lessee's obligations under this Lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including environmental regulations, setback requirements, restrictions on the drilling and production of wells and the price of oil, gas, and other substances covered hereby. To the extent any such laws, rules, regulations or orders are less restrictive than the terms of the Lease, this Lease shall control. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood adverse weather conditions, war sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by and other cause not reasonably within Lessee's option, the period of such prevention or delay shall not be added to the term hereof. Lessee shall be liable for breach of any express or implied covenants of this Lease when drilling, production or other operations are so prevented, delayed, or interrupted. In order for Lessee to claim the benefit of this paragraph, Lessee must use reasonable efforts to notify Lessor of the force majeure condition, setting forth in reasonable detail the facts associated with Lessee's claim. Lessee agrees to make every reasonable attempt to cure any force majeure event.
- 22. Assignment:** Lessee shall notify Lessor of any assignment of this Lease, and all assignees shall be subject to all of Lessee's obligations under this Lease. Lessee shall notify Lessor within 60 days of any assignment of Lessee interest in the Land covered by the Lease. Provide that no assignment by lessee will relieve lessee of any liability, Before or after the assignment and that any assignee is jointly and severally liable with lessee for all lease obligations. The interest of lessor hereunder may be assigned, devised or otherwise transferred in whole or in part.

23. Indemnify and Hold Harmless: Lessee shall indemnify and hold Lessor harmless from and against any and all claims, actions, liability, loss, damage or expense of every kind and nature, including, for damage to property including environmental damage to surface properties and underground water of any person. LESSEE SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE INDEMNIFIED PARTIES (AS HEREINAFTER DEFINED) FROM ANY AND ALL LIABILITY, LIENS, DEMANDS, JUDGMENTS, SUITS AND CLAIMS OF ANY KIND OR CHARACTER ARISING OUT OF, IN CONNECTION WITH, OR RELATING TO ANY OPERATION OR ACTIVITY CONDUCTED BY LESSEE, OR ITS AGENTS, CONTRACTORS, EMPLOYEES, LICENSEES OR INVITEES, ON OR UNDER THE LAND INCLUDING BUT NOT LIMITED TO CLAIMS FOR INJURY OR DEATH OF ANY PERSONS OR DAMAGE, LOSS OR DESTRUCTION OF ANY PROPERTY, REAL OR PERSONAL, UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHERWISE. LESSEE FURTHER CONVENANTS AND AGREES TO DEFEND ANY SUITS BROUGHT AGAINST ANY OF THE INDEMNIFIED PARTIES ON ACCOUNT OF SAID CLAIMS AND TO PAY ANY JUDGMENTS AGAINST ANY OR ALL OF THE INDEMNIFIED PARTIES RESULTING FROM ANY SUCH SUIT OR SUITS, TOGETHER WITH ALL COSTS AND EXPENSES RELATIVE TO ANY SUCH CLAIMS, INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES. EACH OF THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO PARTICIPATE IN THE DEFENSE OF ANY SUIT OR CLAIM IN WHICH THEY (OR ANY OF THEM) MAY BE A PARTY WITHOUT RELIEVING LESSEE OF ITS OBLIGATIONS HEREUNDER. THE FOREGOING INDEMNITY SHALL APPLY WHETHER OR NOT ARISING OUT OF THE JOINT OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY OR LESSOR OR ANY OF THE INDEMNIFIED PARTIES AND SHALL APPLY, WITHOUT LIMITATION, TO ANY LIABILITY IMPOSED UPON ANY OF THE INDEMNIFIED PARTIES AS A RESULT OF ANY THEORY OF STRICT LIABILITY OR ANY OTHER DOCTRINE OF LAW OR EQUITY. THE FOREGOING INDEMNITY AND ALL OTHER INDEMNITIES OF LESSEE CONTAINED IN THIS LEASE SHALL SURVIVE ANY TERMINATION OF THIS LEASE AND SHALL INURE TO THE BENEFIT OF LESSOR AND EACH OF THE INDEMNIFIED PARTIES. AS USED IN THIS LEASE, THE TERM IN "INDEMNIFIED PARTIES" REFERS TO LESSOR AND ANY AND ALL EMPLOYEES, AGENTS, TENANTS, INVITEES AND AFFILIATES OF LESSOR. AS USED IN THIS PARAGRAPH, AN "AFFILIATE" OF LESSOR SHALL MEAN ANY PERSON, FIRM, OR CORPORATION THAT AT THE TIME IN QUESTION IS A SUBSIDIARY OR PARENT CORPORATION OF LESSOR, OR ANY COMPANY WHICH HAS THE SAME PARENT COMPANY AS LESSOR, OR IN WHICH LESSOR OR ANY AFFILIATE OF LESSOR OWNS AS MUCH AS 25% OF ANY CLASS OF THE CAPITAL STOCK OF LESSOR OR ANY AFFILIATE OF LESSOR. WE HEREBY RELEASE AND AGREE TO SAVE AND HOLD KEITH A KIDWILL, AGENTS AND EMPLOYEES, PARTNERS, AND SHAREHOLDERS COMPLETELY HARMLESS FROM ANY CLAIMS, LOSS, COST, DAMAGE, OR EXPENSE WHICH ARISE IN CONNECTION WITH THE CONDITION OR STATUS OF THE TITLE OR LEASE TO SAID PROPERTY.

Notwithstanding anything contained herein to the contrary, this lease shall not be deemed valid or in effect until all parties have executed their portion of said lease.

Lessor:

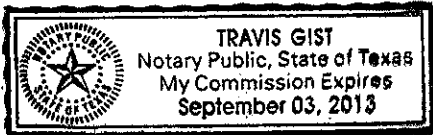
Signature: 

Printed Name: Keith Allen Kidwill

ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF TARRANT

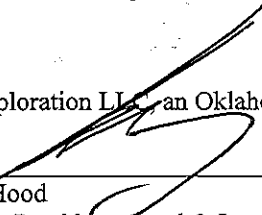
This instrument was acknowledged before me on the 16 day of March, 2011, by Keith Allen Kidwill



Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

Lessee:

Chesapeake Exploration LLC, an Oklahoma Limited Liability Company

BY: Henry J. Hood 

AS: Senior Vice President - Land & Legal and General Counsel

ACKNOWLEDGEMENT

STATE OF OKLAHOMA }
 } SS:
COUNTY OF OKLAHOMA }

This instrument was acknowledged before me on this 23rd day of March, 2011, by Henry J. Hood, as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., on behalf of said limited liability company.

James Rhodes
Notary Public

Commission Expires: _____

Commission No. _____

